

Doug Ducey  
Governor

Thomas M. Collins  
Executive Director



Damien R. Meyer  
Chair

Steve M. Titla  
Mark S. Kimble  
Galen D. Paton  
Amy B. Chan  
Commissioners

State of Arizona  
Citizens Clean Elections Commission

1616 W. Adams - Suite 110 - Phoenix, Arizona 85007 - Tel (602) 364-3477 - Fax (602) 364-3487 - www.azcleanelections.gov

**NOTICE OF COMPLAINT AND OPPORTUNITY TO RESPOND**

**Via Federal Express and E-mail**

August 24, 2018

Brad Lyon  
Chairman  
American Strong PAC  
4605 Lankershim Blvd Ste 320  
North Hollywood CA 91602  
Phone: (480) 428-6036  
americanstrongpac@gmail.com

**RE: CCEC MUR #18-12**

Dear Mr. Lyon:

This letter serves as an internal complaint against American Strong PAC by the Executive Director of the Arizona Citizens Clean Elections Commission.

**Complaint**

On August 21, the Arizona Capitol Reports' publication *Yellow Sheet Report* reported that American Strong PAC had not filed Clean Elections Independent Expenditure reports regarding mailers and a website urging a no vote against Representative Michelle Ugenti-Rita, a Republican Candidate for the nomination to State Senate in District 23. Exhibit 1. My review of the Campaign Finance Reports available via the Arizona Secretary of State's Office, as well as the Commission's files, comports with this news report. Exhibit 2. Other periodic reports filed with the Secretary, likewise make no apparent mention of the expenditures:

- <https://apps.azsos.gov/apps/election/cfs/search/PublicReports/2018/0B2DBB11-71A8-4B2A-848B-C365B294B2C3.pdf>
- <https://apps.azsos.gov/apps/election/cfs/search/PublicReports/2018/6A78B2B4-73CC-4248-B7B0-EB449105551C.pdf>
- <https://apps.azsos.gov/apps/election/cfs/search/PublicReports/2018/5881FD28-6805-4AA9-8BC7-792CBEA7BA85.pdf>
- <https://apps.azsos.gov/apps/election/cfs/search/PublicReports/2018/1DFC359A-3845-4790-8563-7E805271ABB9.pdf>

On August 1, I sent American Strong PAC, among other entities, an email discussing the obligations of independent spenders to file Clean Elections Independent Expenditure Reports. The Citizens Clean Elections Act (Act) and related rules provide for reports of independent expenditures. See A.R.S. §§ 16-941(D), -942(B), -956(A)(7); -958; Ariz. Admin. Code R2-20-109; see also *Clean Elections Institute v. Brewer*, 209 Ariz. 241, 245 ¶ 13, 99 P.3d 570, 574 (2004).

Any person making independent expenditures cumulatively exceeding \$740 during the 2018 election cycle is required to file reports under the Act and rules. *See* Arizona Secretary of State, Clean Elections Act 2017-2019 Biennial Adjustments, available at <https://storage.cecc.blob.core.usgovcloudapi.net/public/docs/292-20172018-Clean-Elections-Act-Biennial-Adjustments.pdf>. If American Strong PAC made independent expenditures and failed to file Clean Elections Reports, it is in violation of A.R.S. §§ 16-941(D), -942(B), -956(A)(7); -958; and Ariz. Admin. Code R2-20-109.

#### Opportunity for Response

Commission rules require notification to be given to the Respondent of a Complaint. Ariz. Admin. Code R2-20-204(A). Additionally, the rules provide that you be advised of compliance procedures. Those procedures are set forth in Article 2 of the Commission's Rules (Arizona Administrative Code Sections R2-20-201 to R2-20-228) as well as the Clean Elections Act (specifically Arizona Revised Statutes §§ 16-940 to 16-961), which are available on the Commission website at [www.azcleelections.gov](http://www.azcleelections.gov).

The Commission's rules provide that a Respondent "be afforded an opportunity to demonstrate that no action should be taken on the basis of a complaint by submitting, *within five days from receipt of a written copy of the complaint*, a letter or memorandum setting forth reasons why the Commission should take no action." Ariz. Admin. Code R2-20-205(A). Your response must be notarized, or the Commission will not consider it. Ariz. Admin. Code R2-20-205(C). Generally, a failure to respond to a complaint within five days may be viewed as an admission to the allegations. *Id.*

The purpose of requesting a response is to determine whether American Strong PAC has violated provisions of the Citizens Clean Elections Act or rules and are subject to penalties under the Act or rules, including A.R.S. §§ 16-941(D), -942(B), -958, and the rules implementing these statutes. Your response is due August 31, 2018.

Commission rules require that you be given this notice and Complaint. The issuance of this notice and Complaint do not constitute a finding related to the Complaint. A finding, if any, may be made only after the Commission has reviewed the matter. Please contact us if you have any questions at (602) 364-3477 or by e-mail at [mike.becker@azcleelections.gov](mailto:mike.becker@azcleelections.gov).

Sincerely,



Thomas M. Collins  
Executive Director  
Arizona Citizens Clean Elections Commission

# Exhibit 1

since the end of the second quarter, which includes money he brought in since the end of the reporting period. Although Farley raised less than Garcia during the pre-primary reporting period, which ran from July 1 to August 11, Farley spokeswoman Kelsi Browning told our reporter that his total jumped to nearly \$229,000 if money raised since the end of the reporting period is counted.

### **EVEN THOUGH HE ROOTS FOR THE CARDS, NOT THE BRONCOS...**

Among the contributions from lobbyists, lawyers, business people and others, Ducey's campaign, via the Ducey Victory Fund, received a \$2,500 contribution from NFL Hall of Famer John Elway. The acclaimed retired quarterback now serves as the general manager and executive vice president of football operations for the Denver Broncos. Ducey raked in \$520,000 in individual contributions and \$32,000 from PACs during the last reporting period.

### **GROUP DIDN'T REPORT SPENDING AGAINST UGENTI-RITA**

The pro-Tim Jeffries American Strong PAC didn't report its independent expenditures against Ugenti-Rita in filings with the secretary of state's office. Mailers sent in July, as well as a website launched by American Strong, sought to discredit Ugenti-Rita and her allegations of sexual harassment at the Capitol by calling attention to her comments and personal relationships. But the latest campaign finance report filed by American Strong PAC lists no independent expenditures during the primary election. And the secretary of state's See the Money website, which lists the independent expenditure reports that are required by Clean Elections rules, does not show any such disclosures by American Strong. In fact, the only operating expenses to date that the PAC has reported was about \$7,480 to Elovon, Inc., a general consulting business in Scottsdale, according to records filed with Corp Comm. Services rendered by Elovon are listed simply as "miscellaneous" on American Strong's campaign finance reports. A call to a number listed on those reports for American Strong officials was not returned. American Strong is funded by out of state individuals with ties to Jeffries (YS, 7/31).

### **HE'S GOT MORE FRIENDS WILLING TO SPEND A FEW BUCKS**

American Strong PAC's funding continues to come from individuals with ties to Jeffries. In its pre-primary report, the PAC reported receiving \$7,050 from Alicia Utley, an accountant from Boulder, Colorado, as well as a \$2,950 contribution from Infinite Tax Solutions, a Boulder, Colo.-based firm owned by Utley. Utley appears to have actively campaigned for Jeffries – on August 5, she posted an Instagram picture of herself with Jeffries in studio at Independent Talk 1100 KFNX, a local talk radio station licensed out of Cave Creek ([LINK](#)).

### **AND HE'S WILLING TO SPEND A FEW MORE OF HIS OWN**

Jeffries chipped in another \$50,000 of his own money to his LD23 Senate campaign in early August, bringing his total personal contributions to the campaign up to \$103,000 and his total fundraising up to nearly \$179,000. He also raised over \$4,000 in individual contributions, and received a \$5,000 in kind contribution for "goods/services" from brothers Joshua and Nathan Tijerina, the owners of the Halycon Movement, a faith-based organization. As of August 11, Jeffries had spent about \$109,000, nearly double the expenditures of his competitors, Ugenti-Rita and Kristina Kelly. Ugenti-Rita raised \$20,500 since July 1 and spent more than double that amount. After more than \$43,000 spent in the last month and a half, Ugenti-Rita reported having about \$30,000 in the bank heading into next week's primary election. She has raised a total of about \$70,000. Kelly brought in more than \$21,000 since July 1, bringing her total up to about \$67,000. Like Jeffries, a significant portion of Kelly's contributions came from personal and family contributions, to the tune of \$9,200. Kelly has less than \$15,000 cash on hand heading into the primary.

# Exhibit 2

Filer Name: <b>American Strong</b>		Status: <b>Active</b>	
Filer ID: <b>201800382</b>	Filer Type: <b>Political Action Committee</b>	Registration Date: <b>12/12/2017</b>	Last Amended Date: <b>7/19/2018</b>
Mailing Address: <b>4605 Lankershim Blvd Ste 320 North Hollywood CA 91602 Phone: (480) 428-6036 Email: americanstrongpac@gmail.com</b>		Filer Address: <b>4605 Lankershim Blvd Suite 320 North Hollywood CA 91602</b>	
Chairman: <b>Lyon, Brad</b>		Treasurer: <b>Samantha, Myhrvold</b>	

**Reports Previously Filed**

Report Due Date	Date Filed	Report Name	Status
 08/20/2018	08/20/2018	<a href="#">2018 - 8th Report (Pre-Primary)</a>	 On Time
 07/16/2018	07/02/2018	<a href="#">2018 - 7th Report (2nd Quarter)</a>	On Time
 04/16/2018	04/05/2018	<a href="#">2018 - 6th Report (1st Quarter)</a>	On Time
 01/15/2018	01/09/2018	<a href="#">2018 - 5th Report (4th Quarter)</a>	On Time

 Denotes this report has previous versions. Click the icon to display previous versions.



Tuesday, August 28, 2018

Thomas Collins  
Arizona Citizens Clean Elections Commissions  
1616 W Adams Street  
# 110  
Phoenix, AZ 85007

Dear Thomas,

Thank you for your letter dated August 24, 2018 and bringing the information to our attention.

Based on the information you provided, we notice that we've made two errors:

1) In our Pre-Primary report, filed with the Secretary of State on August 20, 2018, we inadvertently listed the \$7,480 Independent expenditure expense as an "Operating Expense" instead of as an "Independent Expenditure."

This was a mistake on our part, as all of our advertising has used the proper disclaimers, per ARS 16-925. We filed an amended report with the Secretary of Sates office on Friday, August 24, 2018.

2) We failed to report with Clean Elections. This was an oversight and a mistake, and it will not be made again. We emailed you a backup report on Monday, August 27, 2018.

Thank you for your time and we apologize for any extra work this has caused you.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Lyon", with a long horizontal flourish extending to the right.

Brad Lyon, Chairman  
American Strong Pac  
Americanstrongpac@gmail.com

# CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }

County of LOS ANGELES }

On August 28, 2018 before me, Samantha M. Myhrvold  
(Here insert name and title of the officer)

personally appeared Brad Lyon,  
 who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[Signature]  
 Notary Public Signature

(Notary Public Seal)



### ADDITIONAL OPTIONAL INFORMATION

#### DESCRIPTION OF THE ATTACHED DOCUMENT

Letter to AZ Clean

(Title or description of attached document)

Elections Commissions

(Title or description of attached document continued)

Number of Pages 1 Document Date 8/28/18

#### CAPACITY CLAIMED BY THE SIGNER

- Individual (s)
- Corporate Officer  
Chairman  
(Title)
- Partner(s)
- Attorney-in-Fact
- Trustee(s)
- Other \_\_\_\_\_

### INSTRUCTIONS FOR COMPLETING THIS FORM

*This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.*

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they, is /are ) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
  - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
  - ❖ Indicate title or type of attached document, number of pages and date.
  - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.



**CITIZENS CLEAN ELECTIONS COMMISSION**  
**Independent Expenditure Report**

Pursuant to A.R.S. §§ 16-941(D), -956, -958, and A.A.C. R2-20-109(F)

**OFFICIAL USE ONLY**

Received \_\_\_\_\_

Name:				
Address:		City	State	Zip
Telephone Number:		Fax Number:		
Name of Authorized Agent:		Telephone Number:	E-mail Address:	
Authorized Agent Address (if different from above):		City	State	Zip
Date of Expenditure (i.e. 5/30/2018)	Amount of Expenditure (i.e. \$5,000.00)	Candidate Supported /Opposed		

All persons, including corporations, limited liability companies, and labor organizations, are required to file independent expenditure reports under A.R.S. §§ 16-941(D); -958 & Ariz. Admin. Code R2-20-109(F). Please fill out, scan and return to the Arizona Citizens Clean Elections Commission, [ccec@azcleanelections.gov](mailto:ccec@azcleanelections.gov).

Forms received within 24 hours of the clue date will be considered timely.

Failure to file the form and submit the information required subjects an entity that makes independent expenditures to penalties under the Clean Elections Act unless the entity receives an exemption from the Commission. Exemption forms are available at [www.azcleanelections.gov](http://www.azcleanelections.gov).

Please contact [ccec@azcleanelections.gov](mailto:ccec@azcleanelections.gov) or 602-364-3477 with questions.

I, the undersigned, certify that the above statements are true and accurate to the best of my knowledge and belief:

*Brad Lyon*

\_\_\_\_\_  
 Signature of Authorized Agent

**STATE OF ARIZONA**  
**CITIZENS CLEAN ELECTIONS COMMISSION**  
MUR 18-12  
American Strong PAC  
**STATEMENT OF REASONS OF THE EXECUTIVE DIRECTOR**

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On behalf of the Citizens Clean Elections Commission (“Commission”), the Executive Director hereby provides the following Statement of Reasons why there is reason to believe that a violation of the Citizens Clean Elections Act and Commission rules (collectively, the “Act”) may have occurred.

**I. Background**

On August 24, 2018, I filed a Complaint against American Strong PAC (Respondent) alleging that Respondent had failed to file Clean Elections Independent Expenditure Reports related to expenditures in opposition to Representative Michelle Ugenti-Rita as nominee for the State Senate in District 23. Exhibit 1. Respondent filed a timely response candidly admitting it had mistakenly filled out certain campaign finance reports and failed to file Clean Elections Reports. Exhibit 2. On August 27, Respondent filed a Clean Election Report via the Commission’s own online form. Exhibit 3. Because there is no dispute that the filing was late, I recommend the Commission find a reason to believe that a violation may have occurred.

**Recommendation**

After the Commission finds reason to believe that a violation of a statute or rule over which the Commission has jurisdiction has occurred, the Commission

shall conduct an investigation. Ariz. Admin. Code R2-20-209(A). The Commission may authorize the Executive Director to subpoena all of the Respondent's records documenting disbursements, debts, or obligations to the present, and may authorize an audit.

Upon expiration of the fourteen (14) days, if the Commission finds that the alleged violator remains out of compliance, the Commission shall make a public finding to that effect and issue an order assessing a civil penalty in accordance with A.R.S. § 16-942, unless the Commission publishes findings of fact and conclusions of law expressing good cause for reducing or excusing the penalty. A.R.S. § 16-957(B).

After fourteen (14) days and upon completion of the investigation, the Executive Director will recommend whether the Commission should find probable cause to believe that a violation of a statute or rule over which the Commission has jurisdiction has occurred. Ariz. Admin. Code R2-20-214(A). Upon a finding of probable cause that the alleged violator remains out of compliance, by an affirmative vote of at least three (3) of its members, the Commission may issue of an order and assess civil penalties pursuant to A.R.S. § 16-957(B). Ariz. Admin. Code R2-20-217.

Dated this 10th day of September, 2018.

By: S/Thomas M. Collins

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Thomas M. Collins, Executive Director

**STATE OF ARIZONA**  
**CITIZENS CLEAN ELECTIONS COMMISSION**

In the Matter of:

American Strong PAC, Respondent

MUR No. 18-12

**CONCILIATION AGREEMENT**

Pursuant to ARS § 16-957(A), the Citizens Clean Elections Commission (the "Commission"), House Victory PAC (Respondent) enter this Conciliation Agreement (the "Conciliation Agreement") in the manner described below:

- A. American PAC did not timely file certain reports required by the Commission related to spending on behalf certain candidates. The Commission finds that these failures demonstrate there is reason to believe Respondent may have committed a violation of the Citizens Clean Elections Act and Commission rules (collectively, the "Act").
- B. A.R.S. § 16-941(D) states that "any person who makes independent expenditures related to a particular office" in excess of certain amounts must report such expenditures to the Secretary of State. A.R.S. § 16-956(A)(7) provides that the Commission has authority to enforce the Act and Rules, to include the assessment of penalties that apply for failure to file reports.
- C. The Executive Director filed Complaint August 27, 2018. Respondent was extremely cooperative and responded within 23 minutes of the initial email with: "Thank you for your message and this will serve as receipt of your email. We are going to look at our records and respond as soon as possible." Less than four hours later, American

1 Strong PAC submitted a formal response admitting a clerical filing error and changed  
2 its filing with the SOS's office. At 4:39 that Friday, it received the Clean Elections  
3 Change Form, which was re-submitted to the Clean Elections on the following Monday,  
4 and the notarized copy was provided to the following Tuesday. All of this was done in  
5 an very timely manner.

- 6 D. This Conciliation Agreement concludes the Commission's enforcement proceeding  
7 respecting the Complaint and additional reports that Respondent should have timely  
8 filed.

9 WHEREFORE, the Commission enters the following orders in lieu of any other action regarding this  
10 matter:

- 11 1. The Commission has jurisdiction over persons subject to ARS 16-941(D) and 16-958,  
12 including political committees.
- 13 2. Pursuant to A.R.S. §§ 16-941(D) and -958 any person who makes an independent  
14 expenditure above a threshold set forth in the Clean Elections Act must file reports  
15 required by the person and that under A.R.S. § 16-942(B) the statutory penalty for any  
16 reporting violation on behalf of a candidate is up to \$880 per day up to twice the value  
17 of the unreported amount. Respondent disputes that its expenditures were subject to  
18 the reporting requirements set forth in A.R.S. §§ 16-941(D) and -958 and disputes the  
19 Commission's authority under A.R.S. § 16-942(B) to assess any statutory penalty in  
20 connection with such expenditures.
- 21 3. Respondent agrees to settles this matter for \$500 and admit their clerical error, in  
22 addition to the other provisions herein. This amount represents a reimbursement of  
23 costs associated with the Complaint.
- 24 4. Respondent shall pay to the Clean Elections Fund \$500 by October 3, 2018 and before  
25 terminating the Committee (if applicable).
- 26

- 1           5.       All payments shall be made by check or money order payable to the Citizens Clean  
2                   Elections Fund and delivered to the Citizens Clean Elections Commission, 1616 West  
3                   Adams, Suite 110, Phoenix, Arizona, 85007.
- 4           6.       The Commission shall not commence any legal action against Respondent to collect  
5                   fines under the Complaint so long as Respondent is not in default.
- 6           7.       Respondent shall be in default of this Agreement upon the occurrence of any of the  
7                   following:
- 8                   a.       Respondent fails to make any payment required hereunder within five (5) working  
9                   days following the date due;
- 10                  b.       Respondent files a petition under the bankruptcy laws or any creditor of the  
11                  Respondent files any petition under said laws against the Respondent;
- 12                  c.       Any creditor of Respondent commences a foreclosure action to foreclose (by suit  
13                  or trustee sale) on real property of the Respondent or commences garnishment,  
14                  attachment, levy or execution against the Respondent's property; or;
- 15                  d.       Respondent provides false information to the Commission.
- 16                  e.       Respondent fails to abide by any provision of this agreement.
- 17                  f.       Respondent fails to file any campaign finance report or notice required by Chapter  
18                  6 of Title 16, Arizona Revised Statutes.
- 19           8.       In the event of default hereunder, at the option of the Commission, all amounts  
20                   available under the Complaint immediately due and payable and the Commission may.  
21                   In addition, interest shall accrue on the unpaid balance from the date that the payments  
22                   become due and payable. Interest shall accrue at the statutory rate of ten percent  
23                   (10%) pursuant to A.R.S. § 44-1201(A).
- 24           9.       Nothing contained in this Agreement shall be construed to prevent any state agency  
25                   which issues licenses for any profession from requiring that the debt in issue be paid in  
26                   full before said agency will issue Respondent a new license.

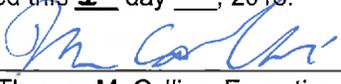
- 1           10.    The Commission may waive any condition of default without waiving any other  
2                    condition of default and without waiving its rights to full, timely future performance of  
3                    the conditions waived.
- 4           11.    In the event legal action is necessary to enforce collection hereunder, Respondent shall  
5                    additionally pay all costs and expenses of collection, including without limitation,  
6                    reasonable attorneys' fees in an amount equal to thirty-five percent (35%) of monies  
7                    recovered.
- 8           12.    Respondent acknowledges that all obligations payable pursuant to this Agreement  
9                    constitute a fine, penalty, or forfeiture payable to and for the benefit of a governmental  
10                   unit, and not compensation for actual pecuniary loss; and that pursuant to 11 USC §  
11                   523 such obligations are not subject to discharge in bankruptcy.
- 12           13.    This Agreement shall be construed under the laws of the State of Arizona.
- 13           14.    In the event that any paragraph or provision hereof shall be ruled unenforceable, all  
14                    other provisions hereof shall be unaffected thereby.
- 15           15.    This Agreement shall constitute the entire agreement between the parties regarding the  
16                    subject matter. This Agreement shall not be modified or amended except in a writing  
17                    signed by all parties hereto.
- 18           16.    This Agreement shall not be subject to assignment.
- 19           17.    No delay, omission or failure by the Commission to exercise any right or power  
20                    hereunder shall be construed to be a waiver or consent of any breach of any of the  
21                    terms of this Agreement by the Respondent.
- 22           18.    By entering into this Agreement, the Respondent does not waive any rights, claims,  
23                    defenses or arguments in any subsequent proceeding before the Commission or any  
24                    agency, court or other tribunal.
- 25           19.    Respondent has obtained independent legal advice in connection with the execution of  
26                    this Agreement or have freely chosen not to do so. Any rule construing this Agreement  
                    against the drafter is inapplicable and is waived.

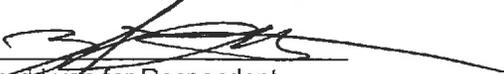
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20. This Agreement shall be void unless executed by the Respondent and delivered to the Commission not later than October 3, 2018.

21. All proceedings commenced by the Commission in this matter will be terminated and the matter closed upon receipt of the final payment of the civil penalty and compliance with the other terms set forth in this Agreement.

Dated this 1<sup>st</sup> day October, 2018.

By:   
Thomas M. Collins, Executive Director  
Citizens Clean Elections Commission

By:   
Brad Lyon for Respondent

18 OCT 9 PM 3 54 CCEC